



Top Canadian Tech Stocks of 2023

Description

Technology stocks are a massive and eclectic mix of companies whose products and services are based on information technology, from PCs, mobile phones or IoT devices to enterprise or artificial intelligence software.

As a fast-growing [market sector](#) that branches into numerous subsectors, tech companies look for ways to combine new findings in science with product-thinking to engineer new solutions to longstanding consumer problems.

Naturally future-oriented, constantly improving and innovating, the tech sector is overbrimming with growth-stock opportunities, not to mention plenty of companies that have hit the blue-chip mark of utmost stability.

Whether you're looking for a long-term growth stock, a stable investment, or even a value stock, there's a tech stock for you. Below, we'll break tech stocks into all its various subsectors and help you pick the right tech investment for your goals.

What are tech stocks?

Tech stocks are companies whose products or services depend on or use technology in some fundamental way.

Tech companies are vastly different from each other. For example, a tech firm could be one that develops virtual reality video games, provides 5G wireless connectivity, makes cybersecurity software, builds microchips for autonomous vehicles, designs smartphones, or even builds AI chatbots for insurance companies. If the company's products or services are immersed in technology, it's likely a tech stock.

Tech stocks are sometimes separated into low tech and high tech, with high tech referring to companies that use cutting-edge technology in some fundamentally new way, and low tech using old machinery and technology to maintain a certain product line or service. Both low and high tech stocks

are known to use gobs of investor capital to fund their continued expansion and growth, with dividends low or entirely nonexistent.

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Top tech stocks in Canada

With tech stocks, there's no shortage of options. To help you map out the tech sector, let's break it down into the following sub-sectors:

- 5G stocks
- Artificial Intelligence (AI) stocks
- Blockchain stocks
- Cloud computing stocks
- Cybersecurity stocks
- Internet of Things (IoT) stocks
- Metaverse stocks
- Microchip stocks
- Quantum computing stocks
- SaaS stocks
- Semiconductor stocks
- Streaming services stocks
- Virtual reality (VR) stocks

5G networks

5G refers to the fifth generation of wireless networks. With high processing speeds and low latency (the time between data requests and system responses), 5G technology is 20x more powerful than 4G, allowing more users and systems to connect without causing connectivity disruptions. Without 5G infrastructure, many of the tech companies mentioned below (in sectors such as AI, the Internet of Things (IoT), and streaming services) wouldn't have the wireless efficiency to exist.

Some of the [best 5G companies in Canada](#) include:

5G Stocks	Description
BCE (TSX:BCE)	Provider of one of Canada's fastest 5G networks
Telus (TSX:T)	Major wireless provider with 5G networks available to over 70% of Canadians
Sierra Wireless (TSX:SW)	Designer and provider of 5G wireless routers and other communications equipment

All data updated as of October 13, 2022

Artificial Intelligence (AI)

Artificial intelligence (AI) companies design computers and machines with computing processes that

resemble human intelligence. AI includes the subbranch of machine learning (computers that can teach themselves how to interpret new data based on past experiences) and deep learning (computers modelled after the function and structure of the human brain).

AI technology already infuses many of the tasks we've come to depend on—such as face recognition on our phones and asking Siri, “What’s the weather?”—and it’s only just getting started.

Here are just a few [artificial intelligence stocks in Canada](#) you might want to consider:

AI Stocks	Description
Kinaxis (TSX: KXS)	Software company with AI and machine learning solutions for supply chain management
Docebo (TSX: DCBO)	SaaS company with learning platforms powered by AI technology
VIQ Solutions (TSE: VQS)	Micro-cap company that uses AI in its content management software

All data updated as of October 13, 2022

Blockchain

Blockchain is a digital ledger that logs transactions without the need for a third party, such as a bank. While originally designed as a solution for processing Bitcoin transactions, blockchain technology has numerous applications—many still being developed—such as peer-to-peer money transfers, digital health records, and even voting.

Blockchain Stocks	Description
Coinbase Global (NASDAQ:COIN)	The world’s largest crypto exchange with roughly 100 million users in more than 100 countries
Galaxy Digital Holdings (GLXY:CA)	Financial services and investment management company that deals with digital assets, crypto, and blockchain technology
Hut 8 Mining (HUT:CA)	A digital asset miner in Alberta, with more self-mined Bitcoin than any other publicly traded company

All data updated as of October 13, 2022

Cloud computing

Cloud computing companies provide access to digital databases and storage over the internet. They offer critical digital infrastructure and services to corporations and organizations, especially as companies across the globe continue to migrate to a remote workforce.

Cloud computing is also deeply connected with other tech subsectors, such as 5G, artificial

intelligence, and the Internet of Things (IoT).

Cloud Stocks

Salesforce ([NYSE:CRM](#))

Adobe ([NASDAQ:ADBE](#))

Zoom Video Communications ([NASDAQ:ZM](#))

All data updated as of October 13, 2022

Description

Customer relationship management platform with cloud-based software

Computer software company with creative apps and services located in the cloud

Video communications company with video conferencing that uses cloud-based computing

Cybersecurity

[Cybersecurity](#) protects organizations and their networks from unauthorized access to sensitive data and information. As more governments, corporations, banks, schools, and workers store important data on devices and in the cloud, the threat of these breaches has never been more serious (and expensive). Because of that, the cybersecurity industry is constantly evolving, as companies race to create the most unbreachable software.

Cybersecurity Stocks

Blackberry ([TSX:BB](#))

Magnet Forensics ([TSX:MAGT](#))

Absolute Software ([TSX:ABST](#))

All data updated as of October 13, 2022

Description

Builds endpoint security for the healthcare and automotive sectors

Designs tools for law enforcement and government agencies to investigate cybercrimes

Provides endpoint security and zero trust security to education, healthcare, and governmental sectors

Internet of Things (IoT)

The Internet of Things (IoT) refers to a network of objects that are connected to the internet. From changing the temperature with your phone, to monitoring your blood pressure with your watch, to changing the channel and simultaneously dimming the lights with a universal remote, IoT devices have already infiltrated our everyday lives. And with more objects being connected to digital data centres, this subsector is likely to grow for a long time.

IoT Stocks

Cisco Systems ([NASDAQ:CSCO](#))

Description

Leading provider of networking hardware, which is used to connect IoT devices to each other

DexCom Inc. ([NASDAQ:DXCM](#))

Designer of IoT devices that monitor glucose levels

Alarm.com Holding Inc. (
[NASDAQ:ALRM](#))

Provider of IoT software, which connects all domestic devices together, including security cameras, lights, thermostats, and locks

All data updated as of October 13, 2022

Metaverse stocks

Metaverse companies use virtual reality technology to create massive 3D worlds, which multiple users can then inhabit together.

Though metaverse technology used to only exist in theory (and science fiction), many companies are racing to create immersive spaces that integrate the virtual and physical worlds to create interactive social, entertainment (e.g., gaming), e-commerce, and learning environments.

Metaverse Stock	Description
Meta Platforms (NASDAQ:FB)	Former social media giant, Meta Platforms is investing billions to create its own metaverse
Roblox (NYSE: RBLX)	An online gaming platform that already offers a virtual world where users can interact and play games together
Unity Software (NYSE:U)	Forerunner in 3D content creation with around half of 3D content created with its software

All data updated as of October 13, 2022

Quantum computing

Quantum computing takes advantage of “superposition”—a phenomenon that occurs at a subatomic level when objects no longer have a clearly defined position and can technically be in multiple positions at once—to accelerate computing speeds and solve complex computational problems.

Though the technology is still in its infancy, it has great potential to disrupt the way many sectors do business, from healthcare and pharmaceuticals to banking and financials.

Quantum Computing Stock

Description

IBM ([NYSE:IBM](#))

Large tech company and designer of the world's first commercial quantum computer (Q System One)

Honeywell ([NASDAQ:HON](#))

High tech company that manufactures and sells quantum computers

IonQ ([NYSE:IONQ](#))

Hardware and software provider that sells access to its quantum computing computers

All data updated as of October 13, 2022

SaaS Stocks

Software-as-a-service (SaaS) stocks are companies that design cloud-based software and sell them on a subscription basis to clients. Users then become “renters” of the software, and so long as they pay the subscription fees, they can use it indefinitely.

The SaaS model has been a major trend in the tech sector, and has helped many tech firms create consistent flows of recurring revenue. Since SaaS is a business model, as well as a type of technology, it crosses over with many subsectors of the tech industry.

SaaS Stock

Description

Shopify ([TSX:SHOP](#))

E-commerce giant that helps small and medium businesses create user-friendly websites

Constellation Software ([TSX:CSU](#))

Canadian holding company that creates software for a select number of industries

Absolute Software (ABST:CA)

American-Canadian cybersecurity company that specializes in endpoint security

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Semiconductors

[Semiconductor](#) companies make microchips, which are chips made up of integrated circuits that process math and logical operations, and store information in computers, phones, cars, 5G networks, video games, and pretty much *all* electronic products. Without computer chips, technological products and services could not operate, making the semiconductor industry a viable one for the foreseeable future.

Semiconductor Stock

Description

Nvidia ([NASDAQ: NVDA](#))

Industry-leading chip company known for its GPUs

Intel ([NASDAQ: INTC](#))

A leader in the development of logic chips

POET Technologies ([TSXV: PTK](#)) Canadian company that makes “flip chips,” which integrate photonics and electronics into a single wafer-chip

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Streaming services

A few decades ago you’d be old-fashioned if you didn’t have some form of cable service. Nowadays, you’re old-fashioned if you *do*. Streaming services have pretty much made cable obsolete, and after showing immense growth during the pandemic, these companies are gearing up for a strong future.

Streaming Services Stock	Description
Netflix (NASDAQ:NFLX)	The largest streaming service in the world with 221 million global subscribers (18 million in Canada)
Walt Disney Company (NYSE:DIS)	The fastest-growing streaming service with legendary brands, shows, content, theme parks, and merchandise to back it up
Corus Entertainment (TSX:CJR.B)	Canadian media company that is quickly growing into one of the largest free premium streaming services in the country

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Virtual reality stocks

Virtual reality (VR) immerses users in a three-dimensional environment that simulates real-life scenarios. Though VR technology has flourished in the entertainment sector with video game consoles, it has immense potential to transform many industries, such as healthcare, education, defence, and engineering.

For those looking to invest in VR stocks, here are three major companies to consider.

VR Stock	Description
Meta Platforms (NASDAQ:FB)	Formerly known as Facebook, Meta owns the leading VR platform, Oculus
Sony (NYSE:SONY)	Massive electronics provider with VR headsets for its video game consoles, PlayStation
Alphabet (NASDAQ:GOOG) (NASDAQ:GOOGL)	Technology conglomerate that offers VR experiences on its Android devices

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What are the risks involved with tech stocks?

Tech companies can be extremely volatile. They tend to be vulnerable to economic swings, interest rate hikes, poor investor sentiment, product failures, and technology obsolescence. Even tech companies with mega [market caps](#) will from time to time watch their market value take a humbling plunge, while smaller-capped companies hit rough patches from which they never recover.

Because many tech companies still rely on debt to fund their ever-growing expansion, investors have become bearish on tech stocks. Rising interest rates—a weapon against rising inflation—have made borrowing money more costly. And with the world opening back up, some investors are stuck wondering if tech companies can match their revenue growth and earnings growth from the last two years.

Another risk in tech stocks is complexity. The learning curve is often steep, and there's always the possibility of misunderstanding the technology behind the company's revenues. If you live by the maxim, "invest in only what you understand," this can pose a serious problem for those unversed in technology.

Should you invest in tech stocks?

For buy-and-hold investors, tech stocks are generally a good investment, notwithstanding the risks. While it's smart to choose tech stocks with the utmost caution, avoiding them altogether could lead you to miss out on some great investment opportunities.

Perhaps a better question to ask is—which subsectors of tech stocks should you pursue? Not all tech subsectors present the same level of risk and reward. Because the development and advancement of technology is different in each one, you'll often find some to be less stable than others ([metaverse stocks](#), for instance, versus 5G stocks). And while some tech stocks might be beyond your comprehension, others will likely be easier for you to understand. A well-diversified portfolio will include tech stocks from several subsectors, helping you capitalize on the gains made in each one.

For those investors who would like exposure to *all* subsectors of the tech industry, you can always buy shares in a tech-focused ETF. In Canada, some of the best tech ETFs include:

- Invesco NASDAQ 100 Index ETF (QQC)
- TD Global Technology Leaders ETF (TEC)
- iShares S&P/TSX Capped Information Technology Index ETF (XIT)

TICKERS GLOBAL

1. NASDAQ:ADBE (Adobe Inc.)
2. NASDAQ:ALRM (Alarm.Com Holdings, Inc.)
3. NASDAQ:COIN (Coinbase Global)
4. NASDAQ:CSCO (Cisco Systems Inc.)
5. NASDAQ:DXCM (DexCom, Inc.)

6. NASDAQ:GOOG (Alphabet)
7. NASDAQ:GOOGL (Alphabet Inc.)
8. NASDAQ:INTC (Intel Corporation)
9. NASDAQ:NFLX (Netflix, Inc.)
10. NASDAQ:NVDA (NVIDIA Corporation)
11. NASDAQ:ZM (Zoom Video Communications)
12. NYSE:CRM (Salesforce Inc.)
13. NYSE:DIS (The Walt Disney Company)
14. NYSE:IONQ (IonQ, Inc.)
15. NYSE:RBLX (Roblox)
16. NYSE:SONY (Sony Corporation)
17. NYSE:U (Unity Software Inc.)
18. TSX:ABST (Absolute Software)
19. TSX:BB (BlackBerry)
20. TSX:BCE (BCE Inc.)
21. TSX:CJR.B (Corus Entertainment Inc.)
22. TSX:CSU (Constellation Software Inc.)
23. TSX:DCBO (Docebo Inc.)
24. TSX:KXS (Kinaxis Inc.)
25. TSX:MAGT (Magnet Forensics)
26. TSX:SHOP (Shopify Inc.)
27. TSX:SW (Sierra Wireless)
28. TSX:T (TELUS)
29. TSXV:PTK (POET Technologies Inc.)

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